



RL FUND MANAGEMENT, INC.

Performance Report for the Third Quarter of 2023

07 November 2023

This document was prepared by RL Fund Management, Inc. ("RLFMI") for **RL Commercial REIT, Inc.** ("RCR" or the "Company") in compliance with the reportorial requirements of the REIT Implementing Rules & Regulations under Republic Act No. 9856.



RL FUND MANAGEMENT, INC.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements and forward-looking information that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to known and unknown risks; uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from expected future results; performance or achievements expressed or implied by forward-looking statements; RCR's overall future business, financial condition, and results of operations, including, but not limited to financial position or cash flow; RCR's goals for or estimates of future operational performance or results; and changes in the regulatory environment including, but not limited to, policies, decisions, and determinations of governmental or regulatory authorities. Although RCR has extensive experience and that the forward-looking statements may be reasonable, nothing herein should be relied upon as a commitment as RCR cannot guarantee future events due to various risks and uncertainties.



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RL FUND MANAGEMENT, INC.

I. PORTFOLIO OVERVIEW

RL Commercial REIT, Inc. ("RCR"), a company designated by Robinsons Land Corporation ("RLC") to operate as a Real Estate Investment Trust ("REIT"), leases to a diversified tenant base a high-quality portfolio (the "Portfolio") of 16 commercial real estate assets (the "Properties" and each, a "Property") across the Philippines with an aggregate Portfolio gross leasable area ("GLA") of 480,479 sqm as of 30 September 2023. The Portfolio consists of commercial spaces primarily leased for office purposes, with minimal retail spaces on some of the Properties to support the needs of office tenants, with an aggregate Appraised Value of ₱68,290.5 million as of 30 September 2023.

Details of RCR's portfolio as of 30 September 2023 are as follows:

	Location	Year Completed	Registration/ Certification	Office Grade (1)	GLA (sqm)	% of Total Portfolio	Appraised Value (₱ million)(2)	Title to Asset	Title to Land
Metro Manila									
Assigned Properties									
Robinsons Equitable Tower	Ortigas CBD, Pasig City	1999	PEZA	A	14,365	3.00%	3,136.0	Freehold over 96 units ⁽³⁾	Subdivided interest in land
Robinsons Summit Center	Makati CBD, Makati City	2001	PEZA	A	31,394	6.53%	9,776.0	Freehold over 31 units ⁽⁴⁾	Subdivided interest in land
Cyberscape Alpha	Ortigas CBD, Pasig City	2014	PEZA, EDGE	A	49,902	10.39%	7,227.1	Building owned	Land leased from Sponsor for 99 years
Cyberscape Beta	Ortigas CBD, Pasig City	2014	PEZA, EDGE	A	42,245	8.79%	5,765.0	Building owned	Land leased from Sponsor for 98 years
Tera Tower	Bridgetowne Complex IT Park, Quezon City	2015	PEZA, LEED Gold	A / Prime	35,087	7.30%	4,595.4	Building owned	Land leased from Sponsor for 98 years
Cyber Sigma	McKinley West, Fort Bonifacio, Taguig City	2017	PEZA	A	49,970	10.40%	5,418.1	Building owned	Land leased from BCDA for 25 years ⁽⁵⁾
Exxa-Zeta Tower	Bridgetowne Complex IT Park, Quezon City	2018	PEZA, LEED Silver	A / Prime	74,584	15.52%	9,906.0	Building owned	Land leased from Sponsor for 99 years
Cyberscape Gamma	Pasig City	2018	PEZA, EDGE	A	44,797	9.32%	5,944.9	Building owned	Land leased from Sponsor for 50 years ⁽⁶⁾
Cybergate Center Building Leases									
Robinsons Cybergate Center 2	Cybergate Complex IT Park, Mandaluyong City	2007	PEZA	A	43,672	9.09%	5,621.2	Building leased from Sponsor	N/A
Robinsons Cybergate Center 3	Cybergate Complex IT Park, Mandaluyong City	2008	PEZA	A	44,614	9.29%	6,463.6	Building leased from Sponsor	N/A

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Outside Metro Manila									
Assigned Properties									
Robinsons Cybergate Cebu	Cebu City	2011	PEZA	B	6,866	1.43%	472.0	5/F to 7/F owned	Land leased from Sponsor for 98 years
Galleria Cebu	Cebu City	2017	PEZA	A	8,851	1.84%	859.4	3/F to 4/F owned	Land leased from Sponsor for 99 years
Luisita BTS 1	Robinsons Luisita Complex, Tarlac City	2018	PEZA	B	5,786	1.20%	524.3	Building owned	Land leased from Sponsor for 99 years
Cybergate Naga	Robinsons Place Naga Complex, Naga City	2018	PEZA	B	6,069	1.26%	676.2	3/F to 5/F owned	Land leased from Sponsor for 99 years
Cybergate Delta 1	Robinsons Cyberpark Davao, Davao City	2018	PEZA	B	11,910	2.48%	1,152.0	Building owned	Land leased from Sponsor for 99 years
Robinsons Cybergate Bacolod	Robinsons Cybergate Bacolod, Bacolod City	2018	PEZA	B	10,367	2.16%	753.3	Building owned	Land leased from Sponsor for 50 years ⁽⁶⁾
Total					480,479	100.00%	68,290.5		

Notes:

- (1) According to the JLL Report, office buildings classified as "Grade A" or "Prime" are modern specification buildings with high quality finishes, typically located in prime locations while those classified as "Grade B" are medium quality buildings in prime locations or "Grade A" standard buildings, but in secondary locations.
- (2) The valuation of the properties is done using the Discounted Cashflows ("DCF") Approach or Income Approach.
- (3) The Company owns 96 units out of 353 units comprising the Robinsons Equitable Tower. Title over each unit is evidenced by a CCT which represents ownership over the unit and an undivided interest in the land on which the Robinsons Equitable Tower is located.
- (4) The Company owns 31 units out of 32 units comprising the Robinsons Summit Center. Title over each unit is evidenced by a CCT which represents ownership over the unit and an undivided interest in the land on which the Robinsons Summit Center is located.
- (5) The lease is renewable for another 25 years and includes an Option to Purchase the land and its improvements from BCDA on the 24th year of the initial lease period.
- (6) The lease is renewable for another 25 years upon terms and conditions mutually acceptable to both parties.

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II. FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 SEPTEMBER 2023

A. Interim Statement of Comprehensive Income for the Nine Months Ended 30 September 2023

	(P thousands)
REVENUE	
Rental income	3,397,918
Income from dues	665,453
Income from dues - net	44,156
	4,107,527
FAIR VALUE CHANGE IN INVESTMENT PROPERTIES	
Increase in fair value of investment properties	–
Straight-line adjustments	(72,643)
Lease commissions	(7,926)
	(80,569)
Other income	37,398
	4,064,356
COSTS AND EXPENSES	
Direct operating costs	557,119
General and administrative expenses	291,316
Interest expense on lease liability	7,493
	855,928
OPERATING INCOME	3,208,428
OTHER INCOME	
Interest Income	35,337
INCOME BEFORE INCOME TAX	3,243,765
Provision for income tax	(7,068)
NET INCOME	3,236,697
Other comprehensive income	–
Total comprehensive income	3,236,697
Distributable income	3,317,267
Adjusted funds from operations	3,191,876
Basic/Diluted earnings per share	0.30
Dividend per share declared to-date	0.2931

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B. Revenue, Rental Income, and Net Income Contribution of Each Property

The contribution of each of the Properties to the Company's Revenue are as follows:

Contribution to Revenue	For the period ending September 2023 (Unaudited)	
	(P thousands)	(%)
Robinsons Equitable Tower	139,345	3.43%
Robinsons Summit Center	400,220	9.85%
Cyberscape Alpha	446,728	10.99%
Cyberscape Beta	368,732	9.07%
Tera Tower	304,436	7.49%
Cyber Sigma	471,696	11.61%
Exxa-Zeta Tower	567,945	13.97%
Robinsons Cybergate Center 2	334,326	8.23%
Robinsons Cybergate Center 3	363,538	8.94%
Robinsons Cybergate Cebu	32,209	0.79%
Galleria Cebu	45,280	1.11%
Robinsons Place Luisita 1	36,177	0.89%
Cybergate Naga	32,400	0.80%
Cybergate Delta 1	74,708	1.84%
Robinsons Cybergate Bacolod	59,484	1.46%
Cyberscape Gamma	387,132	9.53%
Total	4,064,356	100%

The contribution of each of the Properties to the Company's Rental Income are as follows:

Contribution to Rental Income	For the period ending September 2023 (Unaudited)	
	(P thousands)	(%)
Robinsons Equitable Tower	126,379	3.72%
Robinsons Summit Center	364,456	10.73%
Cyberscape Alpha	393,435	11.58%
Cyberscape Beta	303,247	8.92%
Tera Tower	256,224	7.54%
Cyber Sigma	415,449	12.23%
Exxa-Zeta Tower	464,153	13.66%
Robinsons Cybergate Center 2	258,743	7.61%
Robinsons Cybergate Center 3	290,789	8.56%
Robinsons Cybergate Cebu	20,632	0.61%
Galleria Cebu	31,914	0.94%
Robinsons Place Luisita 1	28,940	0.85%
Cybergate Naga	21,391	0.63%
Cybergate Delta 1	55,934	1.65%
Robinsons Cybergate Bacolod	40,697	1.20%
Cyberscape Gamma	325,535	9.58%
Total	3,397,918	100%

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The contribution of each of the Properties to the Company's Net Income are as follows:

Contribution to Net Income	For the period ending September 2023	
	(Unaudited)	
	(P thousands)	(%)
Robinsons Equitable Tower	121,437	3.75%
Robinsons Summit Center	346,590	10.71%
Cyberscape Alpha	351,228	10.85%
Cyberscape Beta	290,878	8.99%
Tera Tower	243,648	7.53%
Cyber Sigma	366,868	11.33%
Exxa-Zeta Tower	444,695	13.74%
Robinsons Cybergate Center 2	268,074	8.28%
Robinsons Cybergate Center 3	295,239	9.12%
Robinsons Cybergate Cebu	25,834	0.80%
Galleria Cebu	33,610	1.04%
Robinsons Place Luisita 1	25,753	0.80%
Cybergate Naga	20,412	0.63%
Cybergate Delta 1	55,767	1.72%
Robinsons Cybergate Bacolod	42,190	1.30%
Cyberscape Gamma	304,474	9.41%
Total	3,236,697	100%

C. Costs and Expenses

Cost and expenses consist of direct operating expenses, general and administrative expenses and interest expense on lease liability.

	For the period ending
	September 2023
	(Unaudited, P thousands)
Direct operating expenses	
Fund management fees	177,774
Property management fees	170,706
Repairs and maintenance	66,263
Utilities	18,976
Contracted services	70,760
Accretion of interest expense	30,686
Amortization of right-of-use asset	21,954
	557,119
General and administrative expenses	
Rent expense	170,015
Taxes and licenses	81,165
Insurance	19,084
Supplies expense	4,234
Professional fees	1,499
Association dues	707
Travel and transportation	87
Others	14,525
	291,316

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<i>(Forward)</i>	For the period ending September 2023 (Unaudited, ₱ thousands)
Interest expense on lease liability	7,493
Total costs and expenses	855,928

D. Interim Statement of Cash Flows for Nine Months Ended 30 September 2023

	(₱ thousands, Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES	
Income before income tax	3,243,765
Adjustments for:	
Fair value change in investment properties	80,569
Amortization of right-of-use asset	21,954
Interest expense on lease liability	7,493
Interest income	(35,337)
Operating income before working capital changes	3,318,444
Changes in operating assets and liabilities:	
Decrease (increase) in:	
Receivables	380,369
Other current assets	2,441
Increase (decrease) in:	
Accounts and other payables	43,172
Deposits and other liabilities	126,850
Cash generated from operations	3,871,276
Income tax paid	(7,067)
Interest received	35,337
Net cash flows provided by operating activities	3,899,546
CASH FLOWS USED IN INVESTING ACTIVITIES	
Additions to investment properties	(14,362)
Increase in other noncurrent assets	(1,459)
Net cash flows used in investing activities	(15,821)
CASH FLOWS USED IN FINANCING ACTIVITIES	
Payment of dividends	(3,144,026)
Net cash flows used in financing activities	(3,144,026)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	739,699
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,014,710
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER 2023	1,754,409

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E. Distributable Income and Adjusted Funds from Operations for the Nine Months Ended 30 September 2023

(P thousands, Unaudited)	
Total comprehensive income	3,236,697
Fair value change in investment properties	80,569
Distributable income	3,317,266
<i>Less:</i>	
Maintenance capital expenditure reserve	(54,776)
Fair value change in investment properties	(80,569)
Reversal of other non-cash accounting adjustments to comply with accounting standards	9,955
Adjusted funds from operations	3,191,876

The fair value of the Company's investment properties is determined using the Income Approach by an external valuer. It is reduced by the application of the straight-line method of recognizing rental income and lease commissions for the period. For the nine months ending 30 September 2023, gain or loss arising from the change in the fair value of investment properties amounted to nil; while straight-line adjustments in rent and lease commissions amounted to ₱72.64 million and ₱7.93 million, respectively totalling ₱80.57 million.

F. Borrowings

RCR did not breach the borrowing limit per REIT IRR as it did not have any outstanding borrowings as of 30 September 2023 and 31 December 2022.

III. OPERATING STATISTICS AS OF 30 SEPTEMBER 2023

A. Occupancy Rate

Building	GLA (in sqm)	Occupied Area (in sqm)	Occupancy Rate
Robinsons Equitable Tower	14,365	14,036	98%
Robinsons Summit Center	31,394	24,731	78%
Cyberscape Alpha	49,902	49,902	100%
Cyberscape Beta	42,245	37,793	89%
Tera Tower	35,087	35,087	100%
Cyber Sigma	49,970	46,561	93%
Exxa-Zeta Tower	74,584	70,795	95%
Robinsons Cybergate Center 2	43,672	43,672	100%
Robinsons Cybergate Center 3	44,614	38,124	85%
Robinsons Cybergate Cebu	6,866	6,866	100%
Robinsons Galleria Cebu	8,851	8,851	100%
Luisita BTS 1	5,786	5,786	100%
Cybergate Naga	6,069	6,069	100%
Cybergate Delta 1	11,910	11,300	95%
Cybergate Bacolod 1	10,367	9,322	90%
Cyberscape Gamma	44,797	44,303	99%
Total	480,479	453,198	94%

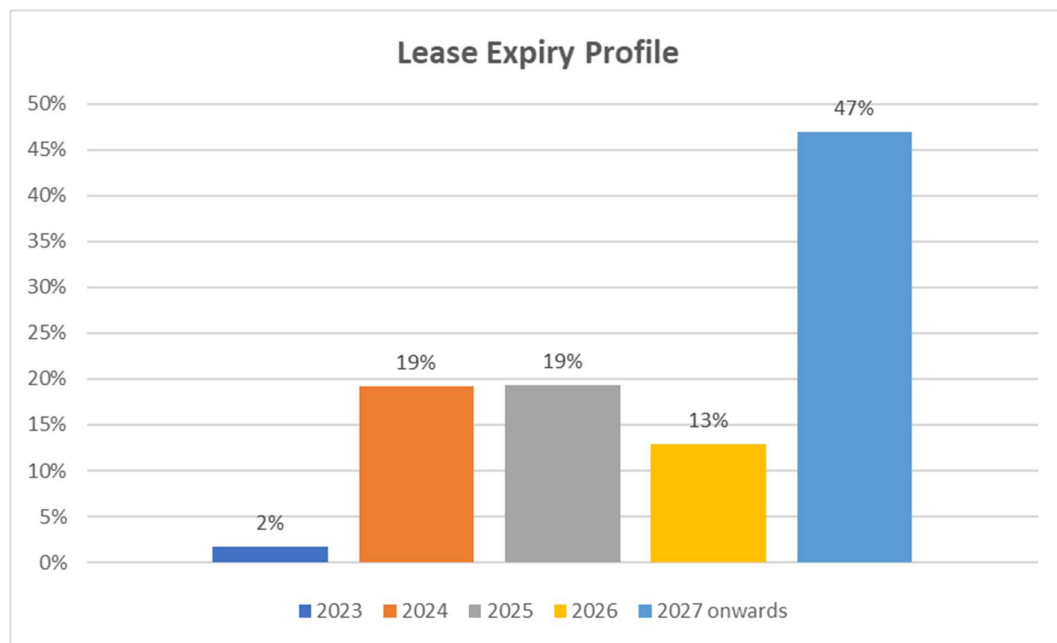
B. Tenant Mix

Tenant mix, excluding spaces occupied by affiliates as of 30 September 2023 is as follows:

	BPO	Traditional	Others
As a % of Total Occupied Area	74%	10%	16%

C. Weighted Average Lease Expiry

Weighted Average Lease Expiry as of 30 September 2023 is shown below:



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IV. INVESTMENT RETURN

Following the listing of RCR's common stock in the Philippine Stock Exchange on 14 September 2021, RCR has adopted a dividend policy to maintain an annual cash dividend payout ratio of at least 90% of Distributable Income for the preceding fiscal year, subject to compliance with the requirements of the REIT Law and the Revised REIT IRR. RCR likewise intends to declare and pay out dividends on a quarterly basis each year as allowed under Rule 4 Section 4 of the Revised REIT IRR.

On 21 April 2023, RCR declared its first regular cash dividends for calendar year 2023 covering the period 01 January 2023 to 31 March 2023 at ₱0.0977 per outstanding common share, following the approval of the Board of Directors in their regular meeting held on the same date. The cash dividends were paid on 31 May 2023 to stockholders of record as of 22 May 2023.

On 09 August 2023, RCR declared its second regular cash dividends for calendar year 2023 covering the period 01 April 2023 to 30 June 2023 at ₱0.0978 per outstanding common share, following the approval of the Board of Directors in their regular meeting held on the same date. The cash dividends were paid on 31 August 2023 to stockholders of record as of 24 August 2023.

On 07 November 2023, RCR declared its third regular cash dividends for calendar year 2023 covering the period 01 July 2023 to 30 September 2023 at ₱0.0979 per outstanding common share, following the approval of the Board of Directors in their regular meeting held on the same date. The cash dividends are payable on 30 November 2023 to stockholders of record as of 21 November 2023.

	1Q 2023	2Q 2023	3Q 2023	For the Period Ending January to September 2023
Dividend per Share	₱0.0977	₱0.0978	₱0.0979	₱0.2934
Number of Shares Outstanding	10,726,804,330	10,726,804,330	10,726,804,330	10,726,804,330
Total Dividend Amount (a)	₱1,048,008,783	₱1,049,081,463	₱1,050,154,144	₱3,147,244,390
Adjusted Funds From Operations (AFFO) (b)	₱1,062,672,082	₱1,076,074,607	₱1,053,129,392	₱3,191,876,081
Distributable Income (c)	₱1,151,263,146	₱1,161,142,385	₱1,004,861,017	₱3,317,266,548
Dividend Payout Ratio:				
% of AFFO (a/b)	98.62%	97.49%	99.72%	98.60%
% of Distributable Income (a/c)	91.03%	90.35%	104.51%	94.87%
Dividend Yield:				
at Listing Price of ₱6.45/share	6.06%	6.07%	6.07%	18.20%
at Latest Share Price of ₱4.76/share ²	8.21%	8.22%	8.23%	8.22%
at 30-day VWAP of ₱4.84/share ²	8.07%	8.08%	8.09%	8.08%

¹ AFFO is Net Income adjusted for maintenance capex, PAS/PFRS adjustments and deferred tax
² From pse.com.ph and Bloomberg, as at 20 October 2023

RL FUND MANAGEMENT, INC.

V. KEY PERFORMANCE INDICATORS

	As of September 30, 2023	As of December 31, 2022
Current ratio ¹	1.63	1.60
Acid test ratio (Quick ratio) ²	1.53	1.48
Debt-to-equity ratio ³	RCR does not have any financial indebtedness as of September 30, 2023 and December 31, 2022	
Asset-to-equity ratio ⁴	1.04	1.04
Net book value per share ⁵	₱5.27	₱5.26
	For the Period Ended September 30	
	2023	2022
Earnings per share ⁶	₱0.30	₱0.31
Interest rate coverage ratio ⁷	RCR does not have any financial indebtedness as of September 30, 2023 and December 31, 2022	
Net profit/ operating margin ⁸	0.79	0.80
Solvency ratio ⁹	RCR does not have any financial indebtedness as of September 30, 2023 and December 31, 2022	
Return on equity ¹⁰	0.07	0.06
Return on assets ¹¹	0.07	0.06

Considering the change in the fair market values of Investment Properties, Return on Equity are -0.10 and 0.06; and Return on Assets are -0.09 and 0.06, as of September 30, 2023 and 2022, respectively.

Notes:

- (1) **Current ratio** is computed as Current Assets over Current Liabilities
- (2) **Acid test ratio (Quick ratio)** is computed as Quick Assets over Current Liabilities (Quick Assets include Cash)
- (3) **Debt-to-equity ratio** is computed as the ratio of financial indebtedness (which for the applicable periods is nil) to Total Shareholders' Equity
- (4) **Asset-to-equity ratio** is computed as Total Assets over Total Shareholders' Equity
- (5) **Net Book value per share** is computed as Total Shareholders' Equity over total common shares outstanding
- (6) **Earnings per share** is computed as Net Income over weighted average commons shares outstanding
- (7) **Interest rate coverage ratio** is computed as Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) over interest expensed and capitalized from financial indebtedness
- (8) **Net profit/operating margin** is computed as Operating Income over Total Revenues
- (9) **Solvency ratio** is computed Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) over Total Debt (Total debt includes short-term debt and long-term debt)
- (10) **Return on equity** is computed as Net Income (12-month basis) over Total Shareholders' Equity
- (11) **Return on assets** is computed as Net Income (12-month basis) over Total Assets

VI. ASSET ACQUISITION AND FINANCING STRATEGY

RCR will consider asset acquisitions via different financing methods as the case may be, including but not limited to a tax-free exchange via asset-for-share swap or cash with the Sponsor, equity and debt capital raising transactions, bank loans, among others, depending on what is in RCR's best interests. As of 30 September 2023, RCR has zero debt.

VII. Office Industry Benchmarks

All Metro Manila assets of RCR are in line with the market office rental rates⁽¹⁾.

	Quezon City	Ortigas Center	Mandaluyong	Makati ⁽²⁾	Taguig (BGC)
Rental rate/sqm/mo.	₱600-800	₱650-850	₱600-750	₱700-1,100	₱900-1,500

Notes

- (1) from 3Q2023 Office Market Report
- (2) Grade A Buildings
- (3) 3Q 2023 transacted

RCREIT

A ROBINSONS LAND COMPANY

RL FUND MANAGEMENT, INC.

CERTIFICATION

This PERFORMANCE REPORT was prepared and assembled under our supervision in accordance with existing rules of the Securities and Exchange Commission. The information and data provided herein are complete, true, and correct to the basis of our knowledge and/or based on authentic records.

By:

RL FUND MANAGEMENT, INC.

Fund Manager of RL Commercial REIT, Inc.

JAMES REYNARD M. ARCO

Attorney-in-fact

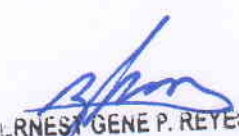
MICHELA MARIE C. CRUZ

Attorney-in-fact

SUBSCRIBED AND SWORN to before me this 9th day of November 2023 at Pasig City, with the affiant/s exhibiting to me their identification documents as follows:

Name	Competent Evidence of Identity	Date and Place Issued
RL FUND MANAGEMENT, INC. Represented by: James Reynard M. Arco Michela Marie C. Cruz	TIN: 010-622-265-000 Driver's License No. N03-05-389440 Driver's License No. N01-08-009928	

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Series of 2023


ERNEST GENE P. REYES
Appointment No. 197 (2023-2024)
Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2024
Attorney's Roll No. 73507
5th Floor, Robinsons Cyberscape Alpha, Sapphire and
Gamet Roads, Ortigas Center, Pasig City
PTR Receipt No. 0324772 02.06.2023; Pasig City
BSP Receipt No. 309110; 02.02.2023 RSM
MOL No. 0110014843